



**APPROVED MINUTES**  
**Idaho Soil Conservation Commission**  
**2270 Old Penitentiary Road**  
**Boise, Idaho**

The Idaho Soil Conservation Commission (ISCC) held its regular, bi-monthly meeting on September 19, 2005 at the Idaho State Department of Agriculture, Lower Conference Rooms 1 and 2. Those present at the meeting included the following:

Members: J. Morgan Evans, Chairman  
Gary Grindstaff, Vice-Chairman  
Jerry Reid, - Acting Secretary  
Tom Johnston, Member

Members not Present: Bill Whittom

Advisors: Dave Hoover, NRCS (acting for Rich Sims)  
Advisors not present: Kyle Hawley, Idaho Association of Soil Conservation Districts (IASCD)  
Paul McCawley, University of Idaho (U of I)

Others: Jerry Nicolescu, ISCC  
Brenda Thomasson, ISCC  
Kathy Weaver, ISCC  
Christy Mastin, ISCC  
Kent Foster, IASCD  
Kathie Shea, ISCC  
Debbie Tiede, IDEA  
Lyla Dettmar, Franklin  
Carl Swainston, Preston-Whitney Irrigation

Company Lyle Porter, Preston-Whitney Irrigation

Company Janet Hohle, Idaho Soil Conservation

Commission Ken Stinson, Latah SWCD  
Biff Burleigh, ISCC  
Pat McCoy, Capital Press  
Dawn Kramer Hall – DFM  
Ray Houston – LSO  
Wayne Newbill, Idaho Association of Soil Conservation  
Marlene Able, Idaho Association of Soil Conservation  
Tony Bennett, Idaho Soil Conservation Commission  
Kelly Nielsen, ISDA

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Governor  
Dirk Kempthorne

Commission members  
J. Morgan Evans  
Gary Grindstaff  
Jerry Reid  
Tom Johnston

Administrator  
Jerry Nicolescu

Jennifer Ambrose – Idaho Soil Conservation  
Commission  
Jody Fagan, NRCS  
Gary Bahr, ISDA

## **Welcome/Announcements**

Chairman Evans called the meeting to order at 8:30 A.M. and welcomed everyone to the meeting

## **Minutes**

Evans asked if the minutes had been read. Everyone acknowledged that they had taken the opportunity to read them. Grindstaff moved to approve the minutes from July 11, 2005 and July 12, 2005. Johnston seconded and the motion carried.

## **Financial Reports**

### *August 2005 General Fund Report*

Thomasson presented the August financial report and distributed an updated financial report, current as of August 31, 2005. She explained that the federal numbers were off a bit because of the condensed version of the report. She intends to talk with Kelly Nielsen about ways to improve the readability and accuracy of the reporting. Johnston moved that the minutes reflect an explanation of the federal fiscal report. (Transcribers note: see above for the explanation) Grindstaff second and the motion carried. Reid moved to approve the financial report. Grindstaff seconded and the motion carried. Johnston moved that a letter be sent to ISDA to request assistance in creating a more accurate financial report. Grindstaff seconded and the motion carried.

### *August 2005 RCRDP Financial Report*

Mastin distributed copies of the RCRDP financial report. She explained that there is still more than \$2 million in the account but that more and more loans are going out over time. EQIP has really had an impact in the way funds are loaned and that the poor economy has had a significant impact on farmers. Johnston moved to approve the RCRDP financial report. Grindstaff seconded and the motion carried. Mastin asked for the members thoughts on going directly to irrigation companies to market the program. Johnston felt this was a good idea. Many of these companies already have their own loan programs, but they are also many that don't. Mastin will begin to market the RDRDP program directly to irrigation companies.

## **RCRDP Loan Application(s) Reviews**

Mastin presented several loans for review by the Commission members. The first loan request they presented was for Jonathan & Starla Koehn. The purpose of the project is

conversion from surface irrigation to a Linear Pivot system. The application has been approved for EQIP on this project. There will be an estimated soil savings of 160 tons per year on the 74.6 acre property. The applicant is not near a 303(d) listed stream, but is in a drinking water priority area and nitrate ground water management area. Details of the loan request are listed below:

<b>Signing Parties:</b> · Jonathan & Starla Koehn		
<b>Loan Amount:</b> \$34,800	<b>Term:</b> 5 Years	<b>Rate:</b> 3%
<b>Conditions:</b> <ul style="list-style-type: none"> <li>· ISCC to be secured by the linear pivot system.</li> <li>· ISCC to secure 1<sup>st</sup> lien on equipment to be purchased (UCC-1)</li> <li>· Secured equipment to be insured for life of loan</li> </ul>		
<b>Disposition:</b> Approved as Requested		

Reid moved to approve the loan with the conditions presented. Grindstaff seconded and the motion carried.

*John & Lori Sharp*

This project will convert flood irrigated fields to a center pivot system. Soil erosion rates aren't expected to decline as the field slope is about two percent. Water savings will be significant and will help reduce deep percolation, leaching and runoff of sediment, fertilizer and other farm chemicals. Details of the Sharp loan request are as noted below:

<b>Signing Parties:</b> John & Lori Sharp		
<b>Loan Amount:</b> \$47,700	<b>Term:</b> 7 Years	<b>Rate:</b> 4 %
<b>Conditions:</b> <ul style="list-style-type: none"> <li>○ ISCC to be secured by the pivot system</li> <li>○ ISCC to secure 1<sup>st</sup> lien on equipment to be purchased (UCC-1)</li> <li>○ Secured equipment to be insured for life of loan</li> </ul>		
<b>Disposition:</b> Approved as Requested		

Johnston moved to approve. Reid seconded. Motion carried.

*Jerald & Gayla Koehn*

Mastin presented the Koehen loan request to convert surface irrigation to a center pivot. The field slope is a about two percent and erosion savings is estimated at 4.4 tons per year. This is in a critical drinking water area and nitrate priority area. They are

asking for \$100,000 for the project. Mastin recommends a loan amount of \$90,000, which would allow for reasonable cost overruns of \$6,000.

<b>Signing Parties:</b> Jerald & Gayla Koehn					
<b>Loan Amount:</b>	\$90,000	<b>Term:</b>	5 Years	<b>Rate:</b>	3 %
<b>Conditions:</b>	<ul style="list-style-type: none"><li>· ISCC to be secured by an insured 2<sup>nd</sup> R/E mortgage on 142 acres</li><li>· Value of R/E to be established by an acceptable evaluation source</li><li>· ISCC to secure 1<sup>st</sup> lien on equipment to be purchased (UCC-1)</li><li>· Secured equipment to be insured for life of loan</li></ul>				
<b>Disposition:</b>	Approved as recommended by Loan Officer				

Reid moved to approve at the \$90,000 level rather than \$100,000, as recommended by the Loan Officer with all other conditions as recommended. Grindstaff seconded and the motion carried.

Robert & Barbara Holloway requesting \$30,000 loan to convert surface irrigation to center pivot system. The field has an average slope of three percent and estimated soil savings of 4.5 tons per year. Property is in a groundwater and nitrate priority area, as well as a critical drinking water area. Applicant is retired and rents out his farm for a percentage of the crop. Details of the Holloway loan request are as noted below:

<b>Signing Parties:</b> Robert & Barbara Holloway			
<b>Loan Amount:</b> \$30,000		<b>Term:</b> 5 Years	<b>Rate:</b> 3 %
<b>Conditions:</b>		<ul style="list-style-type: none"><li>· ISCC to secure 1<sup>st</sup> lien on equipment to be purchased (UCC-1) (the Zimmatic Center Pivot)</li><li>· Secured equipment to be insured for life of loan</li></ul>	
<b>Disposition:</b>		Approved as Requested	

Johnston moved to approve. Grindstaff seconded and the motion carried.

James & Janet Herd – from the Balanced Rock SCD to convert 103 acres of surface irrigated ground to a linear pivot system. The average field slope is four percent and soil savings are estimated at 4 1/2 tons per year. This is located in a critical drinking water protection and nitrate priority area. They have asked for a \$60,000 loan. Mastin recommends a \$70,400 loan for a 7 year term at 4% interest.

Details of the Herd loan request as noted below:

<b>Signing Parties:</b> James and Janet Herd					
<b>Loan Amount:</b>	\$70,400	<b>Term:</b>	7 Years	<b>Rate:</b>	4 %
<b>Conditions:</b>	<ul style="list-style-type: none"><li>· ISCC to secure 1<sup>st</sup> lien on equipment to be purchased (UCC-1)</li><li>· Secured equipment to be insured for life of loan</li></ul>				
<b>Disposition:</b>	Approved as Recommended by Loan Officer				

Johnston moved to approve. Reid seconded and the motion carried.

### **Servicing Actions**

Jeff Wade is requesting a commitment extension. He is getting the drill built (tanks added) and is taking longer than expected. No specific time was suggested. Grindstaff moved to grant a six month extension. Reid seconded and the motion carried.

Dough Ashburn is also requesting a commitment extension. Reid moved to grant a six month extension to Ashburn. Johnston seconded and the motion carried.

Kent Thibault. Subordination to FCS and release of water stock was approving by Acting Administrator on 8/18. We have received payment to bring the account current and have accepted the subordination agreement. Johnston moved to formally recognize this agreement. Grindstaff seconded and the motion carried.

Bryan Ravenscroft had applied for a loan one year ago. Ravenscroft father passed away before the mortgage could be recorded. An extension has been granted once, but given the extenuating circumstances, Grindstaff moved to approve a second six months extension. Reid seconded and the motion carried.

Mastin also noted that RCRDP loan surveys have been mailed out and she has received several responses. She distributed a compilation of the responses. Most of the responses were very favorable. Grindstaff suggested adding a question ensuring that the applicants understood that the loan was tied to a conservation program.

### **Preston-Whitney Irrigation**

*Preston-Whitney Irrigation Company - \$600,000 15 year term for metered pipeline at an interest rate of two percent.* Carl Swainston, President, and Lyle Porter, Director, of the Preston-Whitney Irrigation Company were present to answer questions from Commission members. Mr. Swainston stated that the engineering has been done and they are eager to get started. They are partnering with the Preston-Whitney Reservoir Company to accomplish this project. The pipeline will start with a 30- inch pipe and a 21-inch pipe and then will merge. They will be replacing unlined earthen canal/ditch system (5.5 miles) in combined length) with a new gravity-feed pipeline system that would be supplied by both the Lamont and the Johnson reservoirs.

Reducing water loss is expected to generate a savings of 40% of normal water supplies, or about 1,888 acre feet. When the mainline is converted to a pressurized system, it produces the requirement to convert approximately 160 acres of agricultural land from flood irrigation to sprinkler irrigation, with an estimated water savings of 48 acre feet. Remaining savings is from the reduction of seepage, evaporation, and distribution loss.

Each irrigation company will install adequate measuring devices at each service connection. Each meter will consist of an inline master meter at each reservoir and micrometer propeller-type meters at the point of delivery. Master meters will be protected from backflow as well.

Reid asked if the SRF program was ever going to become viable due to timing issues. Mastin stated that she and Nicolescu had discussed this situation repeatedly. Right now, it is a slow start, but it will be developing further down the line.

Evans asked if there was a formal document or agreement between the companies to allow them to enter this agreement. Preston-Whitney Reservoirs are pursuing an agreement to formalize this arrangement. Johnston applauds the vision, feels that it is a good project. Johnston moved to approve the agreement, pending a notarized, formal agreement between both companies. Grindstaff seconded. Grindstaff stated that this request is completely outside of our policy and was interested in determining possible ramifications. Mastin provided copies of Idaho Code stating that the Commission has the ability to write the loans. Rules have not been updated, but do limit the Commission to a \$50,000 loan limit. The Commission will initiate temporary rules to change the loan limit. Johnston has no problem with the interest rate. Reid has no problem with the amount, but is somewhat concerned about the interest rate. Johnston felt, based on his banking experience, that it is easier to service a larger loan and could easily justify a lower interest rate. There are between 50 and 100 individual producers involved. The difference on payment amount for a 15 year, two percent interest loan would be about \$2,200 greater than a 20 year, four percent interest loan. Nicolescu pointed out that they District has met all the criteria. After conclusion of the discussion, the motion carried. Mastin pointed out that Idaho Code 22-2730 and 22-2732 were the code references used to approve this loan. Thomasson clarified that rules can be changed and that temporary rules will need to be put in place to change the limit. It is too late this year to implement the formal process to change rules, however; temporary rules can be put in place and then proposed rules can be implemented after the moratorium on rule-making is lifted. Dettmar asked that the

District be able to access this money as soon as possible. Mastin stated that in the past, she has completed the process and has been able to disburse funds as quickly as 30 days from approval.

Details of the Preston-Whitney Irrigation loan requests as noted below:

<b>Signing Parties:</b> Carl Swainston, Maxine Waddoups		
<b>Loan Amount:</b> \$600,000	<b>Term:</b> 15 Years	<b>Rate:</b> 2 %
<b>Conditions:</b> . ISCC will be secured by the water rights for this project.		
<b>Disposition:</b> Approved as Requested		

Johnston asked if the irrigation district be available to answer questions from other irrigation districts. The District and the Irrigation Districts thanked the Commission for approving their request.

**State Revolving Fund** -- Lynn Tominaga will be returning to the Commission in November to re-state the request for an SRF loan. They are still working on getting the project in place and continue to pursue the request for a two percent interest rate.

### **WQPA and Conservation Improvement Grants**

Burleigh delivered an update on Conservation Improvement grants. He stated that \$301,000 have been obligated for BMP funds. Of that approximately \$18,612 has been expended so far. There is about \$200,000 allotted for Conservation Improvement Grants. There have been \$134,000 obligated or expended, leaving about \$92,000 remaining. Burleigh reported on the Raft River at the Narrows Restoration Project. The total amount from WQPA is for \$187,551 for cost sharing. Reid moved to approve this WQPA project. Grindstaff seconded and after a brief discussion, the motion carried.

Burleigh also presented two grant requests. The first grant request presented was for the Caribou Cattlemen's Association out of the Bear Lake SWCD. The proposed improvements include the installation of 10 ponds, 4 livestock water troughs and a cattle card on the Montpelier Elk Valley Cattle Allotment. These improvements are part of the livestock grazing management plan for the allotment. The project will improve riparian habitat in the Rock Creek drainage, which supports Yellowstone Cutthroat Trout and will enhance livestock distribution on the uplands through the development of six livestock ponds and installation two-troughs. The troughs, ponds and fence in this part of the allotment will reduce pressure on some streams which support Bonneville Cutthroat Trout. The request is for a grant of \$9,656. Johnston moved to approve. Reid seconded and the motion carried.



Burleigh also presented two grant requests from the Canyon District. The first is from Nathan Lee Douglas for \$10,000 and the second is for P&D Land and Cattle, also for \$10,000. These two are neighbors, working together to install an overflow pipe. The ditch handling this excess water continually overflows causing soil erosion. The water reaching the end of the ditch is also restricted by a second insufficiently-sized spill pipe, and spills into the field, creating an erosive open ditch. Johnston stated that this is an age-old problem that these two landowners have inherited. Johnston's property is upstream from this project. There is a tremendous fluctuation of water on this property. Johnston actually suggested to the owners that they do this project, but feels that it has been over engineered. They need some help, but Johnston stated that the project is about a \$40,000 project that has been inflated to \$90,000. Grindstaff moved to deny the project and then come back for a loan. Grindstaff then withdrew his motion. Johnston suggests that there is too much money involved to only address 200 acres and that a letter be sent to Mr. Douglas and P&D Land and Cattle stating that the Commission would reconsider their grant requests if the project costs were reevaluated. Johnston believes that some individuals are not looking at the reality of the situation. He drew an illustration on the whiteboard showing the drainage areas from the lateral, from Sandhollow Creek, and from the Boise River. He feels that one structure would handle the situation, rather than four, get the water under pressure, and stop washing everything into the creek. Grindstaff moved to deny the grants, pending that the projects be reviewed for costs and that they come back again with a new proposal. Reid seconded. Reid asked what would happen if the grant was denied. He asked if they would come back with a different proposal that would be more reasonable financially. Nicolescu suggested that the Commission send some of its technical staff to evaluate the project. Reid stated that he feels many projects are over-engineered and that this is not unique. Johnston really feels that a common sense approach needs to be developed. Burleigh recapped the motion and stated that he is willing to go back and ask the District to re-evaluate the grant request. He will write a letter to that effect and send it to the Canyon District. Nicolescu suggested that this project come back to the Commission by the November meeting. At the completion of the discussion, the motion to deny both grants at this time carried.

Burleigh presented a request from Doug Boggan to extend his grant request for an additional six months. The grant has already been extended once and Boggan has re-applied for the loan. The original proposal stated that if the project was not on the ground by October 25, the grant would be removed and the total amount would be rolled into the loan. Idaho Power has stated that the delays on this project have not been the fault of Mr. Boggan. Grindstaff stated that this is another case of extenuating circumstances and moved that Boggan should be granted a final extension on both the grant and loan portions for seven months. Johnston seconded and the motion carried.

**IASCD Report** – Foster reported that Hawley was unable to attend the meeting. He reported that Marlene Able has been hired as the new Administrative Assistant and will probably be over later to meet the Members. Conference planning is going well. They are running a little behind on nominations for awards and the deadline has been extended to try and get more nominees for the awards. Foster stated that Jamie Davis has been accepted into the LIA program. During the July meeting, the Commission

and the Association agreed to provide funding for an attendee to the program, once a recipient had been identified. Foster also reported that he had provided testimony at a report in Washington D.C. They were provided an opportunity to provide written testimony. Foster also attended a Farm Bill listening session on September 7 in Idaho Falls. Testimony was limited to three minutes. About 35 people testified at this session. There have only been three resolutions received for presentation at Conference so far. Fall division meetings have been scheduled. Foster distributed a list of the dates of the meetings and they are also available on the IASCD website. The Association, Commission and NRCS try to travel as a team to minimize the costs. Foster also reported that the Association needs to meet with NRCS to address some of the technical concerns. If a committee were in place, these issues could be addressed quickly and completely. Evans asked about the national meeting scheduled to be held in New Orleans. He asked if the meeting would still be held there, because of the devastation caused by Hurricane Katrina. Debbie Tiede reported that she had been at the meeting and stated that NACD was able to get out of the contract with New Orleans and they were looking at rescheduling it to either Houston or Dallas, Texas. Marlene Able and Wayne Newbill arrived and Foster introduced Able to those present. Able provided a brief background on her qualifications and then each person present introduced themselves to her.

### **Conservation Reserve Enhancement Program**

Niculescu reported that there is still not a final figure for federal money for the state to put this program in place. Idaho's application was accepted and the congressional delegation has been briefed. Many of these decisions have been delayed due to Hurricane Katrina. We are still anticipating that the application will be approved and will be moving forward. The Governor's office has asked that we delay hiring for the CREP program, pending national approval. The Governor's office has also discussed possibly using the funds allocated for CREP to put some different conservation programs in place. Chuck Pentzer's position has been upgraded to a Ground Water Quality Specialist in anticipation of the CREP program starting up and it is anticipated that some work will be on the ground for spring. Temporary rules will be initiated to start the program. FSA will announce the program and initial applications will be received by FSA. Water Resources will receive the application, determine the water rights issues and then send them back to FSA for further determination. FSA has not decided if the applications will then be sent en masse to the Commission, or if they will be dribbled out as FSA completes its work. If the applications are sent en masse, the Commission and IASCD will need to detail field staff to start on this project.

NRCS has not been allocated any funds to provide technical assistance in this program. There is a pilot TSP program that FSA has that they would be willing to route to the Commission to handle this workload. The legislature is holding to a ten percent figure, which might require the need to reduce the funding (\$23,000,000) to the program. As soon as USDA gives the approval, and as soon as the legislature has the money in place, we will be given the go-ahead to hire in this program. There are at least two people who currently work for IASCD who are interested in applying for positions with this program. It is anticipated that the largest area of applications for the CREP program will come from the Twin Falls and American Falls areas.

## **Idaho Soil Conservation Commission 07 Budget Requests**

The Commission had three line item requests in their budget this year, including additional funding for Districts, an additional \$20,000 for Carbon Sequestration activities, and an additional \$50,000 for increased overhead costs to be paid to ISDA. Nicolescu briefly explained how the Commission arrived at the \$20,000 figure for Carbon Sequestration. He also explained that ISDA 's costs have increased about two percent per year, and that ISDA has never asked for an increase from the Commission to keep pace with rising costs.

## **ISDA Overhead Costs**

Neilsen stated that Nicolescu did a good job explaining how the costs increases were arrived at, and explained that \$30,000 of the \$50,000 request was for the shift of the funds for the PIO position. Neilsen explained that ISDA's budget is derived from both general and dedicated funds. They use a methodology to allocate costs. Funds are collected from indirect costs collected from grants. The greater the amount of indirect funds collected, the lower the amount of revenues collected through other sources. The Commission is charged based on the amount of transactions sent through the fiscal office of ISDA. Programs with dedicated funds are charged a four percent fee for administrative costs. They have not requested an increase from the Commission in the past few years because of the issues of the PIO and the engineers, but as the Commission is eager to get out of the PIO relationship, it was felt this would be an appropriate time to make the changes. Houston asked if the cost savings from the PIO would be routed to Carbon Sequestration, making the request to increase those funds unnecessary. Nicolescu stated that the funds are in personnel, and would more appropriately be used to provide permanent salary increases to employees who have been asked to take on more responsibilities or to get those staff members closer to appropriate levels. Nielsen explained the negative budget figure for the federal funds, stating that federal funds are reimbursed, often making the federal dollar figure show in the negative. Nielsen stated that he was unaware of any discrepancies of figures in the loan program, but that he is willing to work with the Commission on ways to bring all the figures in line.

## **IASCD Conference**

Nicolescu asked if the members would consider changing the date of the Commission meeting from Sunday to Wednesday to avoid some other conflicts. All members were in agreement to change the date of the Commission meeting in November from Sunday to Wednesday. Nicolescu asked the members to consider funding some of the Committee programs, such as allocating a select amount of money per Committee to help with education opportunities. He suggested that some of the items might include reimbursing a speaker's costs, or providing some up-front money for committees. Reid asked if a dollar figure was involved. Nicolescu stated he didn't have any specific

amount in mind; he was really looking for approval of the concept itself. Weaver stated that if the Committees could bring in speakers, it might help to improve the quality and attendance of the Conference and that it could be a good way to get Districts more directly involved in the key issues.

### **Executive Session**

Reid moved that the Commission enter Executive Session pursuant to Idaho Code Section 67-2345 to discuss legal and personnel matters. Johnston seconded. Reid – Aye, Johnston – Aye, Grindstaff – Aye. Evans – Aye. The motion carried and the Commission entered Executive Session at 11:45 a.m. The Commission returned from Executive Session at 12:15 and adjourned to lunch.

### **NRCS Report**

Upon returning from lunch at 1:15 p.m., Dave Hoover gave the report for NRCS. He stated that Adolfo Perez has returned to his assignment in Washington D.C. and explained that Rich Sims has been deployed to an office in Nebraska for an additional assignment. Hoover is currently the Acting State Conservationist. He also reported on NRCS' 2006 Conservation Security Program. There are three watersheds in Idaho that will be affected by CSP. Money for the Idaho OnePlan has been allotted in the federal budget. There are two area soil conservationists being hired, one in the Moscow area and one in Pocatello. This will be more of a training and administrative function and will serve as an assistant to the area conservationist. NRCS will now be handling contract review at an area level to help prevent some of the bottlenecks being experienced. There are also two new hydrologists positions open. New technicians have been hired in Shoshone, Rupert and Malad. Six new interns will be hired next summer, three soil conservationists, two engineers, and one soil scientist.

Hoover announced there will be an NRCS meeting following the IASCD conference, from November 15-17 at the Doubletree Riverside. The agenda for this meeting is still being developed. There is a new process for receiving conservation technical assistance funds. It is now being handled on a resource-based formula system, which will include 303(d) listed streams and ESA impacts, among others. Areas that will have a significant impact on the budget will be closely reviewed. The end of the Federal Fiscal year occurs on September 30<sup>th</sup> and they must follow a set of national criteria that is reviewed. NRCS is doing well in most areas, but has fallen short in a couple of areas, including nutrient management plans (NMPs). Some of the NMPs developed by ISDA are being called into question. NRCS is under a level of scrutiny that they have not experienced in the past. Irrigation efficiency and soil erosion reductions are also being reviewed. NRCS is holding a Conservation Planning Workshop beginning September 26-29. Many SCC and Idaho Association of Soil Conservation Districts employees are scheduled to attend this class. For NRCS employees, this course will allow them to attain Basic Conservation Planner status. NRCS employees can then earn a Master Planner's certification. Weaver asked Hoover about the requirement that groups must be pre-qualified by FSA before moving on the NRCS. Foster asked how many watershed applications had been submitted besides the three that were approved. Evans asked if CSP addressed mining issues. Hoover stated that the program pays to

reward existing conservation practices. Evans also asked who at NRCS decides what components of each project are determined. Hoover stated that it's a combination of Federal guidelines and the state technical committee's recommendations, but that he didn't have a specific answer for why neighboring states are paid for some practices that Idaho does not receive payment for.

## **IDAHO ONEPLAN**

Wayne Newbill gave a brief update on the conservation planner. Jody Fagan from NRCS has developed a book and the conservation planner addresses every aspect. Integrated pest management is moving forward and beginning tomorrow, Newbill will be learning how to develop nutrient management plans. The Rangeland component is also being reviewed and is moving forward. EPA has determined that there needs to be secondary containment for petroleum products. EPA's inspections are subjective based upon the visual assessments of the inspectors. Nicolescu and Foster asked for generic secondary containment plans to be available on the OnePlan website that could be certified by an engineering firm. Plans have been received via e-mail and could become a part of the OnePlan. Idaho is working on exporting the Nutrient Management Component to Oregon, Iowa and Virginia. Other states are starting to contact Idaho to determine how they can participate. Ohio is interested in the conservation planner and nutrient management. Hawaii, Michigan and Utah are also interested in different aspects of the program.

## **IDEA Report**

Debbie Tiede reported on IDEA activities. She thanked the Commission for the opportunity to attend the meeting. Conference is coming up soon and IDEA has not held any business meetings since July. Sheri Iverson, director of Women's Health and St. Luke's, and Judi Aitken from PERSI will be attending the IDEA meeting in November. Health insurance continues to be a concern for IDEA employees. Tiede reported that she had distributed health insurance applications to IDEA members at the July meeting. It has been suggested that IDEA look at obtaining a small group health insurance application. All applications will be gathered and submitted to an insurance agent for evaluation. Tiede hopes to have a good estimate at conference as to how this might work. Tiede attended the Southwest NACD Regional meeting in Arizona. She did not feel that she learned much new and feels that the Pacific Region is more advanced. Ray Ledgerwood was also at this meeting and led a hands on session for developing a marketing plan for the District. Idaho will be hosting the FY06 Pacific Regional Meeting. Alice Wallace volunteered to host the Idaho meeting, which will probably be held in Coeur d'Alene. Four representatives from Idaho attended the Southwest NACD meeting – Claude Bruce, Lyla Dettmar, Alice Wallace and Debbie Tiede.

## **Rapid River Update**

Janet Hohle provided an update on the Rapid River Project. They recently requested bids for the project. The bids were compared to the BOR specifications. The project is

on tract for completion in October. Hohle reported that BPA and NPCC work well together in the Focus program in the Clearwater. OSC is soliciting projects currently funded from Pacific Coast Salmon Recovery Funds. Hohle will continue to submit proposals for the projects. The current project is for engineering assistance in the Clearwater area.

### ISDA Groundwater Quality Report

Gary Bahr gave an update on water quality monitoring and reported that work is continually on schedule with good results. There have been water quality improvements in certain watersheds across the state. Bahr is hopeful that this trend will continue. The monitoring of Bear Basin tributaries has been implemented. Technical work is being accomplished, largely in part through funding provided by the Commission. They are still establishing nitrate priority areas. There is a draft PL-566 grant that has been finalized recently, and Bahr hopes to institute more of these types of projects.

### RCRDP Loans (Continued)

Mastin brought forth three additional loans for review by the Commission members. The first loan request presented was for Kent and Rebecca Lierman to convert surface irrigation to a center pivot and install a pond, pump station, and mainline. Although not on a 303(d) listed stream segment, it is in a groundwater protection area. Grindstaff moved to approve the request. Johnston seconded and the motion carried. Details of the loan request are listed below:

<b>Signing Parties:</b> ·     Kent and Rebecca Lierman		
<b>Loan Amount:</b> \$42,000	<b>Term:</b> 7 Years	<b>Rate:</b> 4%
<b>Conditions:</b> ·     ISCC to be secured by the linear pivot system. ·     ISCC to secure 1 <sup>st</sup> lien on equipment to be purchased (UCC-1) ·     Secured equipment to be insured for life of loan		
<b>Disposition:</b> Approved as Requested		

Mastin next presented the request of Gerald and Anne Chojancky from the North Side SWCD for a \$50,000 loan at three percent interest to convert surface irrigation to a center pivot system, providing an estimated soil savings of 1,275 tons per year.

Johnston moved to approve the request. Reid seconded and the motion carried.  
Details of the loan request are as follows:

<b>Signing Parties:</b> ·     Gerald and Anne Chojnacky		
<b>Loan Amount:</b> \$50,000	<b>Term:</b> 5 Years	<b>Rate:</b> 3%
<b>Conditions:</b> ·     ISCC to be secured by the linear pivot system. ·     ISCC to secure 1 <sup>st</sup> lien on equipment to be purchased (UCC-1) ·     Secured equipment to be insured for life of loan		
<b>Disposition:</b> Approved as Requested		

The final request presented was from Brian Lierman to convert surface irrigation to a center pivot system. A large water savings and reduction in soil erosion is expected. This property is not located near a 303(d) listed stream, but is in a groundwater protection area. Johnston moved to approve, with clarification on the debt to income ratio. Grindstaff seconded and the motion carried.

<b>Signing Parties:</b> ·     Brian Lierman		
<b>Loan Amount:</b> \$42,000	<b>Term:</b> 7 Years	<b>Rate:</b> 4%
<b>Conditions:</b> ·     ISCC to be secured by the linear pivot system. ·     ISCC to secure 1 <sup>st</sup> lien on equipment to be purchased (UCC-1) ·     Secured equipment to be insured for life of loan		
<b>Disposition:</b> Approved as Requested		

## Miscellaneous

Nicolescu invited all Members to attend the All Personnel meeting currently schedule for November 29- December 2, 2005. He stated that we wanted to build on what had been started in June and utilize staff ideas for making the work more efficient and cost effective. NRCS will be invited to participate as well. Nicolescu stated that Thomasson

and Krajewski are both attending Certified Public Manager training and it might be an opportunity to dovetail each of their projects with this meeting.

Nicolescu reported that HB 395 provided for a one-percent temporary salary increase to all employees if a certain level of funding was retained in the state budget. The goal was met, and all employees will receive at least a one percent salary increase to be distributed in a lump sum on October 7, 2005. Nicolescu will also be looking at ways to provide permanent salary increases to employees, now that the one percent issue has been resolved. Grindstaff asked if we would be looking at shifting some staff time to work on PIO issues as Fagan had proposed during the July meeting. Nicolescu stated that staff is investigating the possibilities.

Evans asked how many employees were stationed in the Salmon office. Nicolescu replied that there are four funded by BPA dollars and three paid through SCC funds, for a total of seven people in the office. The Clearwater Focus Watershed Program functions quite differently from the USBWP, using Districts to do the planning, implementation and monitoring of the projects in that area. Because of the way the CFP functions, there is not a current need for additional staff as is found in the USBWP.

### **Indirect Costs Discussion**

There has been much discussion amongst staff regarding indirect costs. Ken Stinson and Jerry Nicolescu were working on a "white paper" that could be taken to all Districts to discuss and understand indirect costs. As an example, the WQPA program has rules that state administrative costs can be viewed as either for direct or indirect. The project was built to have an administrative cost of ten percent, down from twenty-five percent from the old State Ag Water Quality Program. In the past, there have been accusations that Districts had built bank accounts and had otherwise not expended the funds properly. As the cost of business continues to increase, it may be appropriate to increase the percentage of administrative costs. It may be more appropriate to leave administrative costs at the ten percent level and look at ways to provide an indirect cost assessment. Districts need more money to carry out their functions and be the delivery system for conservation in the 21<sup>st</sup> century. These items need to be reviewed in the context of the WQPA program. Latah's argument is for consistency. Latah receives ten percent from all outside projects, with the exception of Commission projects. Once an indirect rate has been established, the District is bound to that rate. Indirect rates are different. Stinson is looking for a way to come to agreement on the way indirect costs are established.

Nicolescu suggested paying districts a separate cost for taking on additional work. He feels that we can continue to carry out our duties, but feels that it should be done in a cooperative manner. District law states that the funding to districts be based on a work-load analysis. Instead of doing a blanket funding request from the legislation, the Commission may be able to change the request from a standard allocation, to one based on the needs of the districts. Active districts might receive a better funding opportunity than inactive Districts. Stinson is simply looking at changing the type of cost from administrative to indirect costs. Reid feels that accountability is very important and should be looked at carefully. Stinson stated that the accountability is in



place and that these funds would be treated the same as any BPA project, with all the same accountability. Districts need to continue to provide the accountability reports for the legislature. Mastin asked how the change would be made in reporting. Stinson replied that it would be listed under general operating budget, broken out by categories. He stated that it's hard to make a direct link on administrative costs. Stinson maintains that this is a matter of fiscal inconsistency and feels that in essence, the Commission asks all the other funding sources to the District to carry the burden of the administrative costs. Grindstaff stated that counties and cities have departments and line item budgets that have to be followed. He does not feel that Stinson is saying that the Latah District follows this same accountability. Stinson stated that the board does approve and receive budgets on a line-item basis. This issue will be looked into.

### **Financial Accountability Policy**

As Districts start to adhere to the financial accountability policy, they are finding that it is costing much more than anticipated to obtain a review or an audit. Alice Wallace has already requested that the Commission consider changing the policy for obtaining an audit. She created and distributed a spreadsheet tracking the expenses of what reviews and audits are costing districts. If Districts revenue is over \$100,000 for two years in a row, or \$250,000 in one year, an audit is required. Districts with revenues under \$100,000 require a financial review. Shea stated that many districts still are not doing either one. Weaver stated that there was one case in Division VI where the CPA didn't feel that he needed to do a complete financial audit based on the fact that the Districts were subdivisions of state government. Further review will be necessary to evaluate if changes need to be made. Johnston suggested that bids be solicited from several different accounting firms and those with the winning bids be given several Districts each month to review. Shea stated that it would be better if there could be one company from each Division. Reid and Mastin also made a similar proposal that would encompass all District audits being conducted by one or two firms. Nicolescu asked Stinson how their District would feel about sending their books to a firm not chosen by the District. Stinson felt that the most critical factor was having a CPA in close proximity that could physically come into the office to review the records. The Commission would need to find a firm with offices covering the entire state, or one that is willing to travel around the state. The Commission may also need to look into the possibility of establishing a new position within the Commission that would travel around the state conducting audits. Districts that need to have audits don't typically complain about the costs, as those are usually built into the projects. Stinson stated that Quickbooks does have some security issues, but there are legitimate ways to resolve those concerns. Overall, Districts are reluctant to allow the SCC to examine District finances.

### **Partnership Issues**

Nicolescu felt there are trust issues between the Commission and Districts, and trust issues between the Commission and the IASCD Board of Directors. There are also some respect issues. One is between NRCS and the Association, which goes back to understanding roles and responsibilities. There is also a lack of respect between Commission, District and IASCD employees versus NRCS employees. For example, if an

SCC, District or Association employee receives the same training as an NRCS employee, they don't always get the same respect that an NRCS employee would. There is also a lack of understanding of each others roles and responsibilities across the board. The average employee does not have the depth of understanding needed to resolves some of these issues. We need to improve the communication between the groups and ensure a clear understanding of various roles and responsibilities.

### **Conservation Districts**

There are issues for privacy laws, public records laws and other rules and statutes that need to be reviewed for accountability issues. Partnership responsibilities, timelines and file access are also areas where a better structure needs to be put in place. Project management is the culmination of the events of the District, Association, SCC and NRCS. Evans asked if there is a credibility issue between the SCC and the Association. Foster stated that some things did come up when dealing with the North Idaho issues, but nothing that cannot be resolved. There is nothing major, but things do need to be discussed. Evans is in favor of having a joint session as an open forum where all issues can be discussed and hopefully resolved. Weaver pointed out that communication is the biggest key to improving relationships. We often get so busy, that we don't have time to sit down and talk. Sometimes because of the time crunch, we often operate in a regulatory mode, even though we are a non-regulatory agency.

Reid moved to enter Executive Session pursuant to Idaho Code Section 67-2345 to discuss legal and personnel issues. Johnston seconded. Roll call vote – Reid – Aye, Johnston – Aye, Evans – Aye. Entered Executive Session at 4:00 p.m. Left Executive Session at 4:45 p.m. and the meeting adjourned.

Respectfully submitted by Brenda Thomasson  
Management Assistant